

HB 5125/5126
POSITION PAPER

December 13, 2011

Background: HB 5125/5126 in its current form would allow a County Board of Commissioners, a legislative body, to assume direct control of the respective county road system. These bills represent a restructuring of county government that is without precedence in Michigan. The mechanism by which this would be accomplished (i.e., a vote of the county board) is inconsistent with the manner in which road commissions were established (i.e., a vote of the electorate).

Discussion: The general county system of government contains a significant check and balance which not allowed for by HB 5125/5126. The significant services and functions of a general county government in the form of day-to-day operations are overseen by elected department heads (e.g. sheriff, county clerk, register of deeds, drain commissioner, and county surveyor), whose responsibilities are established by state statute. HB 5125/5126 affords the County Board of Commissioners the option of placing the county road system under their direct control. If roads were incorporated into the county budget in Genesee County, this would comprise 42% of the county's budget. Clearly, roads represent a significant function of county government of the type that in the past has been overseen by an elected department head.

The County Road Law, Public Act 283 of 1909, has been misinterpreted by some lawmakers who allege that road commissions were not actually created by a vote of the people in each county. In 1909, each county was given the option to vote to establish an independent county road system and the law required that a county road commission be established to manage that system. All road commissions, including those with appointed county road commissioners, were created by a vote of the public and should only be altered or eliminated by a vote of the public.

In both Wayne and Oakland counties, when the county took over the duties of the road commissions, a separate vote was cast to eliminate the road commission. Each of those counties had an appointed road commission prior to their transition.

Conclusion:

- (1) If the functions of roads commissions are to be transferred to the general county government, it should be by a vote of the people, a manner consistent with the creation of road commissions.
- (2) If the responsibility for the county road system is to be transferred from road commission to the general county government, it should be done in a manner consistent with the general county form of government that has existed in Michigan for over 100 years. In a general county government, roads, if not under the jurisdiction of a road commission, should be under the cognizance of an elected department head, whose authority and responsibility are contained in state statutes.

Consolidation of Governments Must be Based on Reduced Spending rather than Political Agendas

Lean budgets bring out the worst behavior in governments.

The concept of consolidating road commissions into the general county government has been resurrected once again in the form of H.B. 5125 and H.B. 5126. Frankly, with this legislation, the Administration is attempting to push the funding for local roads on to local units of government. Consolidation of local units of governments has long been held out as a "silver bullet" solution for Michigan's revenue short falls. This is a strategy that bears closer scrutiny; further, if the objective of consolidation is to reduce the taxpayer's financial burden, then each case must be decided on its own financial merits rather than the satisfaction of a purely political agenda. Consolidation of organizations of similar functions is a more appropriate strategy in today's austere economic environment.

Bond rating and its impact on the interest rate associated with debt issuance is a key consideration. Currently, the Genesee County Road Commission (GCRC) is rated by Standard & Poor's (S&P) as "AAA"; Genesee County currently is rated by S&P as "A". Last year, the GCRC issued \$5.9 million to fund a large storm water culvert replacement program; had that debt been issued under Genesee County's "A" bond rating the additional interest cost would have been \$532,000 or \$53,200 annually. This is money that would have to be spent on increased interest rather than road maintenance. The cost of general liability and worker's compensation insurance if dissimilar pools of employees are merged is another key consideration in consolidation of local units of government. If a county road commission is absorbed by County government, the county will be responsible for all road and bridge tort liability – present and future.

Consolidated purchasing of consumable materials (e.g., road salt, limestone, fuel, etc.) and capital equipment (e.g. trucks, graders, etc.), both at the county and regional levels, are areas where real savings can occur. Currently, the GCRC purchases road salt for many of the local units of government within this county as well as for several units in the surrounding counties. For the past three years, the City of Flint and the GCRC have had a joint purchasing program for road materials, which has resulted in annual savings for each party of over \$26,000; this year, the joint purchasing program was expanded to include the City of Burton.

In my opinion, if this legislation is passed, counties that elect to take over their county road commission will be playing into the Administration's strategy of transferring the funding for local roads from a state source to a local source.

The economic challenges faced by local units of government today are difficult and require complex answers. H.B. 5125 and H.B. 5126 represent a short-sighted approach that will result in less money being available for county road maintenance. We owe it to the citizens of Michigan and Genesee County to pursue well thought-out alternatives that will achieve the objectives promised rather than the "one-size-fits-all" approach that this legislation represents.



GENESEE COUNTY ROAD COMMISSION

Serving the motorists of Genesee County for more than 100 years

211 W. Oakley Street
Flint, MI 48503-3995

Website: www.gerc.org

Board meetings: first and third Tuesdays at 10:00 A.M.

Phone: (810) 767-4920

Toll Free: (800) 249-4027

Fax (810) 767-5373 – Administration

Fax (810) 767-3634 – Maintenance

November 3, 2011

Hon. Paul E. Opsommer
State Representative, 93rd District
124 North Capitol Avenue/P.O. Box 30014
Lansing, MI 48909-7514

Re: H.B. 5125/5126

Dear Representative Opsommer:

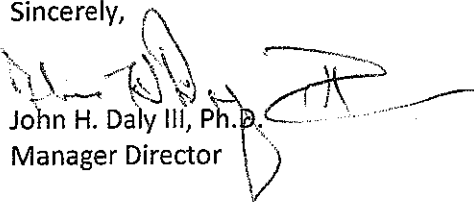
Thank you for the opportunity to testify before the House Transportation Committee concerning H.B. 5125 and 5126. A copy of my testimony is attached.

I would like to add the following comments to the some of the testimony offered yesterday:

- (1) In his testimony, Rep. Jon Switalski indicated that a major benefit of passage of this legislation would be a reduction in the number of road maintenance agencies in Michigan. This is incorrect. If the Board of County Commissioners replaces its respective road commission, as the legislation suggests, it would be numerically a one-for-one exchange and so there would be no change in the number of road maintenance agencies.
- (2) I found the testimony of the representatives from Macomb County interesting. However, since the questions were posed to the voters in Macomb County solely within the context of adopting a county executive form of government, this experience is not pertinent to the question of a County Board of Commissioners should become a road maintenance agency. In fact, as I read the questions put to the voters of Macomb County concerning this matter, had the voters not elected to adopt the county executive form of government, the Road Commission of Macomb County would have remained an independent unit of government at the county level.

The passage of H.B. 5125/5126 is another step down the road of shifting the responsibility for funding of local roads from the state to local units of government without a responding reduction in the level of taxation. With its passage and the suggested increase in the state's share of the Michigan Transportation Fund to "at least 50%", a Board of County Commissioners having jurisdiction over its county road system would be forced to transfer money from its general fund or fund balance to ensure that the county roads remain safe for the motoring public. For these reasons, I remain opposed to this legislation.

Sincerely,


John H. Daly III, Ph.D.
Manager Director

Our mission, as Genesee County Road Commission employees, is to collectively provide and maintain a safe, cost-efficient and quality county road system for the motorists in Genesee County, Michigan.